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FISCAL IMPACT STATEMENT

LS 6437

BILL NUMBER: HB 1121

NOTE PREPARED: Dec 11, 2006

BILL AMENDED:

SUBJECT: Corn checkoffs.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill makes changes to the corn marketing law, including: (1) changing definitions; (2) changing the duration of time the Corn Marketing Council has to take action; (3) allowing the Council to use funds in the Corn Marketing Account regardless of the balance of the Account (currently, funds may be spent only if there is a balance in excess of \$500,000); and (4) changing the per bushel assessment from \$0.005 to 0.5% of the net market price. The bill also makes conforming changes. This bill provides that producers must apply for refunds within 180 days instead of 60 days. The bill also provides that 30% of the money collected by the Corn Marketing Council from July 1, 2008, to June 30, 2011, must be distributed to the Indiana Economic Development Corporation to be used for ethanol development.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill changes:

- (1) the amount of funds the Corn Marketing Council (CMC) may use in the Corn Market Development Account;
- (2) the way the CMC can expend the funds from the Account; and
- (3) the amount and method of the assessment, which is deposited in the Account (see *Explanation of State Revenues*).

(1) Under current law, the CMC can spend 25% of the Account on administrative expenses if the balance is below \$500,000. Once the balance is above \$500,000, then an additional amount of not more than 10% of the Account balance which is above \$500,000 may be spent on administrative expenses. This bill eliminates these restrictions and provides that the Account shall be used to administer IC 15-4-10. Therefore, the bill allows any amount of the balance at anytime to be spent on administrative expenses.

(2) Under current law, the CMC could use the money from the Account only for administrative expenses and the purpose of market development. The bill adds the purposes of promotion, research, industry information, and consumer information. (The bill defines each of these new purposes.)

The bill also decreases the number of times the CMC must meet each year from four to three. The bill requires the CMC to adopt bylaws and operating procedures as well.

Explanation of State Revenues: This bill will increase the revenue that is deposited in the Corn Market Development Account. The bill changes the assessment amount on corn from ½ of 1 penny per bushel to 0.5% of the net market price per bushel.

The collections for 2003 to 2005 at \$0.005 per bushel versus 0.5% of the net market price per bushel are as follows.

Year	Collections at \$0.005 CURRENT RATE	Collections if at 0.5% RATE PROVIDED IN BILL
2003	\$2.92 M	\$7.40 M
2004	\$3.02 M	\$6.01 M
2005	\$3.38 M	\$6.09 M

The bill also changes the penalty for failing to remit the assessment, the impact of which is indeterminable.

The Corn Market Development Account is nonreverting, so the state General Fund will not be impacted.

The bill requires 30% of the revenue collected from this fee to be distributed to the Indiana Economic Development Corporation (IEDC) to be used for incentives development of new ethanol plants that have a majority ownership in Indiana. The estimated revenue that would be distributed to the IEDC in FY 2009, FY 2010, and FY 2011 would be between \$1.8 M and \$2.2 M per year based on estimates from collections in 2003 through 2005 as shown above.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Corn Marketing Council.

Local Agencies Affected:

Information Sources: Chris Novak, Indiana Corn Growers Association, 317-347-3620.

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